

TOWNSHIP OF BRONSON

FINANCIAL STATEMENT

MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Township of Bronson	County* Branch County	Type* Township	MuniCode* 12
Opinion Date-Use Calendar* November 5, 2008	Audit Submitted-Use Calendar* Nov. 17, 2008	Fiscal Year End Month* March	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan as revised (see Appendix H for Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
<input type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? 150400
General Fund Expenditure:	<input type="checkbox"/> ? 161872
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? 366985
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* David	Last Name* Locey	Ten Digit License Number* 1101012773		
CPA Street Address* 67036 N. M. 66	City* Sturgis	State* MI	Zip Code* 49091	Telephone* 269.651.4225
CPA Firm Name* David F. Locey, CPA PC	Unit's Street Address*	Unit's City*	Unit's Zip*	

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Bronson Township
Bronson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bronson Township, Bronson, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bronson Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the governmental activities of Bronson Township, Bronson, Michigan, as of March 31, 2008, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Bronson Township, Bronson, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'D. Locey', with a stylized flourish at the end.

David F. Locey, CPA, PC
Sturgis, Michigan
November 5, 2008

TOWNSHIP OF BRONSON
Combined Balance Sheet - All Fund Types and Account Groups
March 31, 2008

	Governmental Fund Type	Fiduciary Fund Type	Account Group General Fixed Assets	Total (Memorandum Only)
	General Fund	Agency		
<u>ASSETS</u>				
Cash in Bank	\$339,496	\$106	\$0	\$339,602
Taxes Receivable	3,354	0	0	3,354
State Revenue Sharing	21,930	0	0	21,930
Due From Other Funds	106	0	0	106
Accrued Interest Receivable	2,100	0	0	2,100
Equipment	0	0	40,239	40,239
Total Assets	<u>\$366,985</u>	<u>\$106</u>	<u>\$40,239</u>	<u>\$407,330</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accrued Payroll Taxes	\$0	\$0	\$0	\$0
Due To Other Funds	0	106	0	106
Total Liabilities	0	106	0	106
Fund Equity:				
Investment In General Fixed Assets	0	0	40,239	40,239
Fund Balances:				
Unreserved:				0
Undesignated	366,985	0	0	366,985
Total Fund Equity	<u>366,985</u>	<u>0</u>	<u>40,239</u>	<u>407,224</u>
Total Liabilities and Fund Equity	<u>\$366,985</u>	<u>\$106</u>	<u>\$40,239</u>	<u>\$407,330</u>

TOWNSHIP OF BRONSON
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended March 31, 2008

	Total (Memorandum Only)
	<u>General Fund</u>
REVENUES	
Property Taxes	\$29,674
Licenses and Permits	75
State Revenue Sharing	92,908
Light Assessment	800
Property Tax Administration	13,398
Interest	10,961
Special Assessments	0
Miscellaneous	<u>2,585</u>
Total Revenues	150,400
EXPENDITURES	
Legislative:	
Township Board	17,461
General Government:	
Supervisor	9,430
Assessor	18,498
Clerk	10,174
Board of Review	663
Treasurer	14,409
Building and Grounds	5,489
Cemetery	7,525
Elections	1,623
Public Safety:	
Fire protection	23,524
Public Works:	
Street Lighting	600
Highways and Streets	46,145
Drains at Large	4,216
Culture Recreation:	
Library	<u>2,116</u>
Total Expenditures	<u>161,872</u>
Excess of Revenues Over (Under) Expenditures	(11,472)
Fund Balance - Beginning of the Year	<u>378,457</u>
Fund Balance - End of the Year	<u><u>\$366,985</u></u>

Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF BRONSON
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended March 31, 2008

	Budget	Actual	Over (Under) Budget
REVENUES			
Property Taxes	\$30,000	\$29,674	(\$326)
Licenses and Permits	0	75	75
State Revenue Sharing	90,000	92,908	2,908
Light Assessment	1,000	800	(200)
Property Tax Administration	9,900	13,398	3,498
Interest	18,000	10,961	(7,039)
Miscellaneous	1,600	2,585	985
Total Revenues	150,500	150,400	(100)
EXPENDITURES			
Legislative:			
Township Board	16,000	17,461	1,461
General Government:			
Supervisor	9,200	9,430	230
Assessor	9,900	18,498	8,598
Clerk	11,400	10,174	(1,226)
Board of Review	800	663	(137)
Treasurer	13,700	14,409	709
Building and Grounds	7,000	5,489	(1,511)
Cemetery	5,600	7,525	1,925
Elections	1,500	1,623	123
Public Safety:			
Fire protection	30,000	23,524	(6,476)
Public Works:			
Street Lighting	1,000	600	(400)
Highways and Streets	38,400	46,145	7,745
Drains at Large	4,000	4,216	216
Culture Recreation:			
Library	2,000	2,116	116
Total Expenditures	150,500	161,872	11,372
Excess of Revenues Over (Under) Expenditures	0	(11,472)	(11,472)
Fund Balance - Beginning of the Year	378,457	378,457	0
Fund Balance - End of the Year	\$378,457	\$366,985	(\$11,472)

Notes to the Financial Statements are an integral part of this statement.

Township of Bronson
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Township of Bronson is located in Branch County and provides services including public safety and general administrative services.

PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES

REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township's executive or legislative branches.

The reporting entity is the Township of Bronson. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

BASIS OF PRESENTATION

FUND ACCOUNTING

The accounts of the Township of Bronson are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions typically are financed. The funds in this category are as follows:

General Fund - This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Township of Bronson
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

FIDUCIARY FUNDS

The Current Tax Collection Fund is used to account for assets held as an agent for others.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

GOVERNMENTAL FUNDS

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are both measurable and available).

FUND EQUITY

The unreserved fund balance for governmental funds represents the amount available for budgeting future operations.

BUDGET AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control for all funds of the Township. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis.

All unencumbered budget appropriations lapse at the end of each fiscal year, Township adopted fiscal year 3/08 budget in 3/07.

Township of Bronson
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

BUDGET VARIANCES

Public Act 621 of 1978 requires that a municipality shall not incur expenditures in excess of the amount appropriated. The approved budget of the Township for the General Fund was adopted on an activity level, and amended periodically by the Township Board. During the year ended March 31, 2008, the Township incurred expenditures in certain activities which were in excess of the amounts appropriated.

<u>Fund Activity</u>	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Township Board	\$16,000	\$ 17,461	\$ 1,461
Supervisor	9,200	9,430	230
Assessor	9,900	18,498	8,598
Treasurer	13,700	14,409	709
Cemetery	5,600	7,525	1,925
Election	1,500	1,623	123
Highway	38,400	46,145	7,745
Drain at Large	4,000	4,216	216
Library	2,000	2,116	116

REVENUE RECOGNITION

Property tax revenue recognition - The local unit property tax is levied on each December 1 on the taxable valuation of property located in the Township of Bronson as of the preceding December 31. Ad valorem taxes were levied for the local unit operating purposes. These amounts are recognized in the general fund financial statement as taxes receivable or current tax collection.

TOTAL COLUMN ON COMBINED STATEMENTS –OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles, also is not data comparable to a consolidation because interfund elimination's have not been made in the aggregation of this data.

Township of Bronson
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Deposits are carried at cost. Deposits of the Township are at one bank in the name of Township of Bronson. Michigan Compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bond securities, and other obligations of the United States, or an agency or instrumentality of the United States in which principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Governmental National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan Law prohibits security in the form of collateral, security bonds, or other forms for the deposit of public money.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in the states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

<u>Deposit</u>	<u>Primary Government Carrying Amount</u>
Insured (FDIC)	\$ 100,000
Uninsured	<u>239,496</u>
Total Deposits	<u>\$ 339,496</u>

Cash equivalents are certificates of deposit accounts with maturity of 180 days - because of liquidity they are considered the same as cash.

Township of Bronson
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>04/01/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/08</u>
Equipment	<u>\$40,239</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$40,239</u>

COMPENSATED ABSENCE

None.

PENSION PLAN

The Township has a defined contribution pension plan for which all Township Board Members are eligible. The Township contributes a percentage of each board member's wages to the plan. Pension expense for the fiscal year ended March 31, 2008, was \$8,506.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

GASB 34 REPORTING FINANCIAL

The Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/2008, also no current charge is being recorded for current year depreciation. Accordingly, the Management Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

TOWNSHIP OF BRONSON
General Fund
Expenditures by Detailed Account
For the Year Ended March 31, 2008

Township Board:

Wages	\$2,033
County Services	5
Printing and Publishing	500
Memberships and Dues	659
Pension	8,506
Workman's Compensation	3,800
Medicare	484
Miscellaneous	1,473
	<hr/> 17,461

Supervisor:

Wages	9,000
Office Supplies	430
	<hr/> 9,430

Assessor:

Wages	17,703
Miscellaneous	795
	<hr/> 18,498

Clerk:

Wages	10,000
Office Supplies	174
	<hr/> 10,174

Board of Review:

Wages	663
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Treasurer:

Wages	12,500
Office Supplies - Equipment	1,909
	<hr/> 14,409

Building and Grounds:

Insurance	5,489
Repairs and Maintenance	0
	<hr/> 5,489

Cemetery:

Maintenance	7,525
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Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF BRONSON
General Fund
Expenditures by Detailed Account - Continued
For the Year Ended March 31, 2008

Elections	1,623
Fire Protection:	
Contracted Services	23,524
Street Lighting	600
Highways and Streets	46,145
Drains at Large	4,216
Library	<u>2,116</u>
Total Expenditures	<u><u>\$161,872</u></u>

TOWNSHIP OF BRONSON
Current Tax Collection Fund
Statement of Changes in Assets and Liabilities
For the Year Ended March 31, 2008

	Balance April 1, 2006	Receipts	Deductions	Balance March 31, 2008
ASSETS				
Cash and Cash Equivalents	\$102	\$801,055	\$801,051	\$106
LIABILITIES				
Due To General Fund	\$102	\$37,725	\$37,721	\$106
Due to Other Units	0	763,330	763,330	0
Total Liabilities	\$102	\$801,055	\$801,051	\$106

TOWNSHIP OF BRONSON
Current Tax Collection Fund
Statement of Cash Receipts and Disbursements
For the Year Ended March 31, 2008

Cash in Bank - Beginning of Year	\$102
Cash Receipts:	
Taxes, assessments, and interest	<u>801,055</u>
Total Beginning Balance and Cash Receipts	<u>801,157</u>
Cash Disbursements:	
Township General Fund	37,725
Branch County	640,373
Bronson Community Schools	73,182
Other	<u>49,771</u>
Total Cash Disbursements	<u>801,051</u>
Cash in Bank - End of Year	<u><u>\$106</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Township Board
Bronson Township
Branch County, Michigan

We have audited the general purpose financial statements of Bronson Township, as of and for the year ended March 31, 2008, and have issued our report thereon dated November 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bronson Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

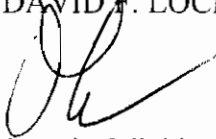
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bronson Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'DL', is written over the printed name.

Sturgis, Michigan
November 5, 2008